

How the Coming Rise in Gas Prices Will Change the World

Written by 3K Admin

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By Jeninne Lee-St. John

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In stark contrast to last summer, when oil prices soared past \$140 per barrel, the economic slowdown has kept per-barrel prices relatively reasonable in 2009. But in his new book, \$20 Per Gallon: How the Inevitable Rise in the Price of Gasoline Will Change Our Lives for the Better, Christopher Steiner argues the dip is temporary, and says gas prices will soon climb beyond \$4 per gallon to heights previously unimaginable.

Steiner, a Forbes writer, chronicles how Americans' tastes, habits and families will change as gas prices rise. At \$6 per gallon, he argues, traveling youth-sports teams will decide to stick close to home; at \$10, gift cards will be biodegradable and have literal expiration dates; and at \$14 per gallon, Wal-Mart will die, garbage trucks will shrink and U.S. manufacturing will be reborn. Steiner contends that sky-high gas prices will force the country to reorganize itself ♦ we'll abandon exurbs in favor of cities and small towns ♦ and drive us to consume less. He talked to TIME about the impending decline of the SUV, what we can learn from China and Spain, and what he has against big houses.

In researching this book, what surprised you the most?

Perhaps nothing more than some of the paths our food takes around the world: Norwegian Salmon, for instance, can go from Scandinavian fishing boats to China, where the fish are gutted and cleaned by workers making so little the cost is almost negligible. From there, the fish travel back to their home country, neatly packaged as "local" to smitten shoppers in Norway's supermarkets.

The downfall of the SUV has been predicted for years. You say it's coming at \$6 per gallon. Can't someone develop a safe, light, super-green SUV?

It's certainly possible. But it wouldn't be a car accessible to many people. Take Chevy's Tahoe Hybrid, for example. This truck contains cutting-edge technology. But [here's] the bottom line for this hybrid SUV: 21 m.p.g. at a cost of \$50,000. Those aren't stats that come close to practical. When gas reaches \$6 per gallon, Americans will take the path of least resistance ♦ and that means driving smaller cars and moving to more walkable places.

(See the 50 worst cars of all time.)

You predict college kids will study closer to home, and that families will cluster in the same area.

We're already seeing similar effects from the increased price of a college education. State schools, especially the upper-tier ones, have been swamped with applications during the last decade. That's a trend that will only be enhanced by higher gas prices and more expensive plane tickets. As for families being clustered, that's going to be a long-term effect that may take a generation to manifest as young families mature during a time of higher gasoline prices.

(See pictures of the college dorm's evolution.)

Why is it better that stuff will get more expensive? Won't the demise of Wal-Mart kick out of the middle class those who are now clinging to its bottom rung?

Only if you define middle class as being able to buy a ton of peripheral stuff for next to nothing. What I think will happen is we'll see the ancillary kinds of junk ♦ like throwaway furniture and gobs of plastic kitchen gadgets ♦ fade out of our lives. The middle class will still have access to what truly makes life good: a comfortable home (but not a huge home), good education, flowing information on the Internet and gainful employment.

Is wanting a big house on a

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big plot of land 100 miles from a city really so evil? ♦

There's nothing evil about wanting a big house. I think we all harbor that kind of instinct. But it's a desire that will be indulged by fewer of us in the future. The deterioration of the exurbs will be a gradual process ♦ one that takes decades ♦ but it will happen. Housing values in these places will decline and it will certainly affect people. But it won't be any different than, say, the kinds of erasures of equity we saw over decades in places such as Detroit. The difference this time, of course, being that the Detroits of the world will benefit, as will our health, our environment and general quality of life. ♦

(See pictures of GM's Eight Great Hopes for 2010.)

You paint an attractive picture of Songdo, the built-from-scratch Korean city that will be the greenest metropolis on Earth. Do you think something like this could happen in the U.S.?

It's tough to envision that type of thing happening here, [if only] because we have so much land compared to South Korea. They value every square inch because they have to. But it's certainly possible that somebody could one day hatch a plan to add developed land to, say, Manhattan or the San Francisco peninsula.

Are there examples in other countries of large-scale projects that Americans might learn from?

I think what the Chinese are doing on many of their rail lines ♦ vast upgrades to electrified high-speed passenger rail ♦ is something we should emulate. Spain has revolutionized travel across their country by linking most major metropolises through a sparkling new high-speed rail network. The U.S. has nothing like it. But high gas prices will change that. ♦

As we begin consuming more locally, how much will the changes in American tastes and habits affect the rest of the world?

By that time, China will boast ♦ it already boasts ♦ a vibrant consuming economy of its own, one that will demand more and more of China's own goods. So will this be the ruin of China? Certainly not, but its growth will slow. And bringing more production to the U.S. can only help our own economy, lending it stability, bolstering the dollar and weaning down our debt. ♦

You mention the relative successes of Shai Agassi, of A Better Place, and Tom Casten, of Recycled Energy Development. What's been holding back other people with big ideas about energy efficiency?

Breaking through in a big way with an idea revolving around alternative energy or efficiency is hard because, in most cases, these projects don't assume to be profitable for years. Agassi has found success because he was already a giant in the world of software. Coming up with \$100 million for an electric car project would be a nearly impossible task for anybody without the clout of Agassi. It's interesting to watch how Tom Casten and his son Sean, who run Recycled Energy Development, can get almost frustrated when they explain how much energy we leave on the table in just about everything we do. They can walk into a steel plant and immediately find 50 megawatts worth of wasted juice and design ways for it to be captured. There aren't many people who can do what the Castens do. As the price of gas goes up and our energy crunch becomes more acute, however, more companies like RED will surely pop up. ♦

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